

Via Email

July 23, 2003

Mr. Joel K. Bladow  
Rocky Mountain Customer Service Region  
Western Area Power Administration  
5555 East Crossroads Boulevard  
Loveland, CO 80538-8986

Dear Mr. Bladow:

Thank you for the opportunity to comment on the proposed changes to the Loveland Area Projects Transmission and Ancillary Services rates. The State of South Dakota (State) takes Energy Imbalance Service (EIS) from the Rocky Mountain Customer Service Region (RMR) for two of its institutions.

The scheduled load is always 4 MW or less. The load is not a static, non-diverse load and we are not capable of 24-hour dispatching.

We are concerned specifically about the proposal to have EIS hourly energy imbalance rounded to the nearest whole MWh per hour. Since July, 2002, RMR has considered hourly energy imbalance on a kWh per hour basis. Whereas RMR has anticipated that the cost impact should be negligible, that is not the case, at least to us. We have received nine monthly bills to date, and the impact of the proposed change would appear to mean a cost increase of 270%. This type of impact is very significant to small State institutions.

The two other proposed changes to EIS that may affect small customers (expanding minimum deviation to 4 MW and reducing out-of-bandwidth penalty) will have no positive offsetting impact in our case. We determine one schedule for the entire month based on previous loads and forecasted changes. Using this methodology, we have been able to stay within the minimum bandwidth of 2 MW.

We would hope that RMR will evaluate the impact that the proposed changes to EIS will have on small customers before the change is implemented and not assume that the impact is negligible. We request that RMR not implement the proposed change to

whole MWh per hour measurement because the impact is significantly negative. Finally, whereas the kWh per hour basis has worked well for at least nine months, RMR has not identified an apparent, compelling reason to change the methodology. Considering the adverse effect of this proposed change and the lack of an offsetting benefit there doesn't appear to be a compelling reason for changing it now.

Thank you, Mr. Bladow, for the opportunity to comment in these matters. We look forward to continuing the positive relationship between RMR and the State.

Very truly,

A handwritten signature in cursive script, reading "Tracy S. Thorne".

Tracy S. Thorne  
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State of South Dakota  
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